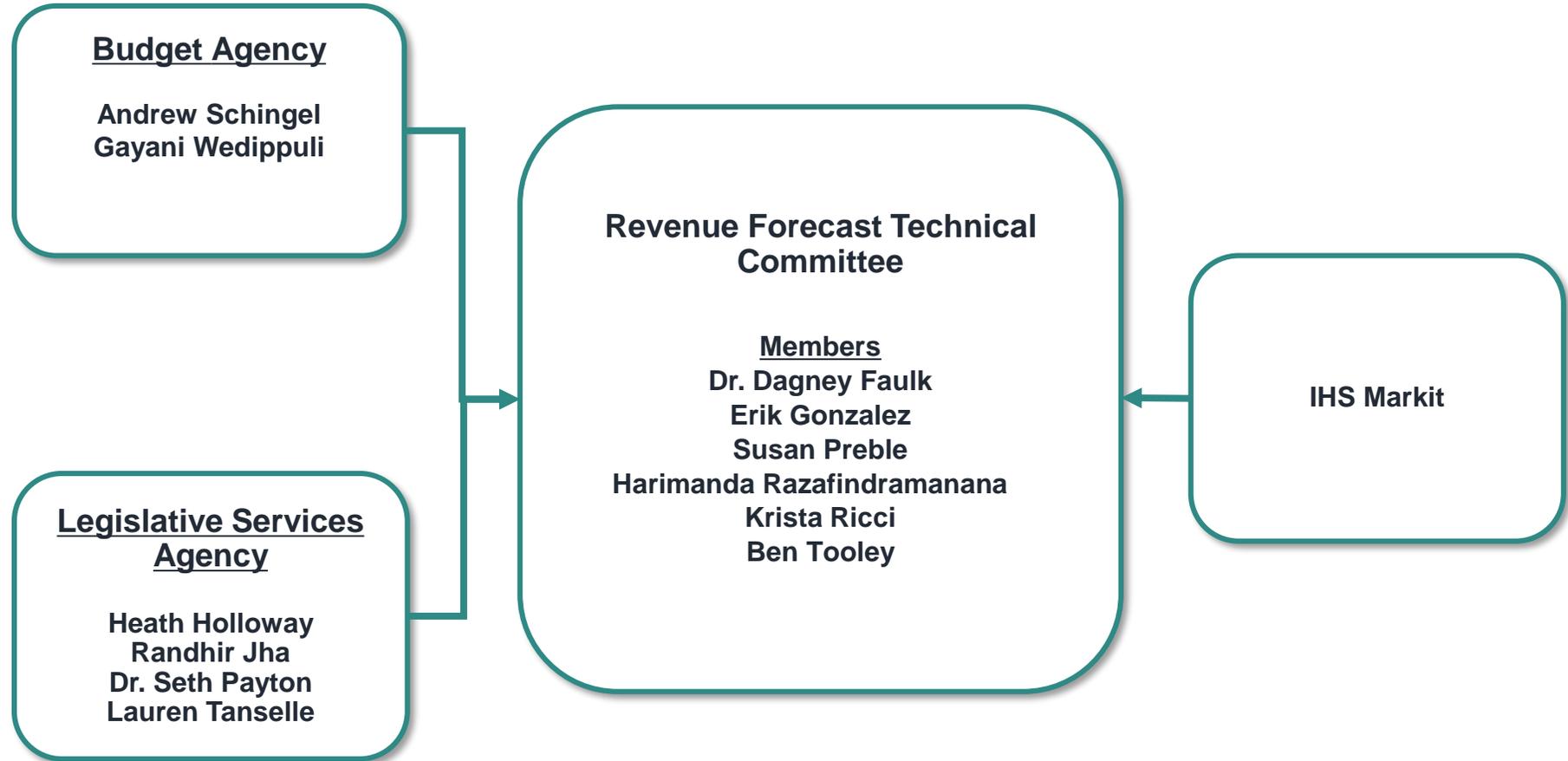


General Fund Revenue Forecast

**Fiscal Years 2021, 2022 and 2023
Revenue Forecast Technical Committee**

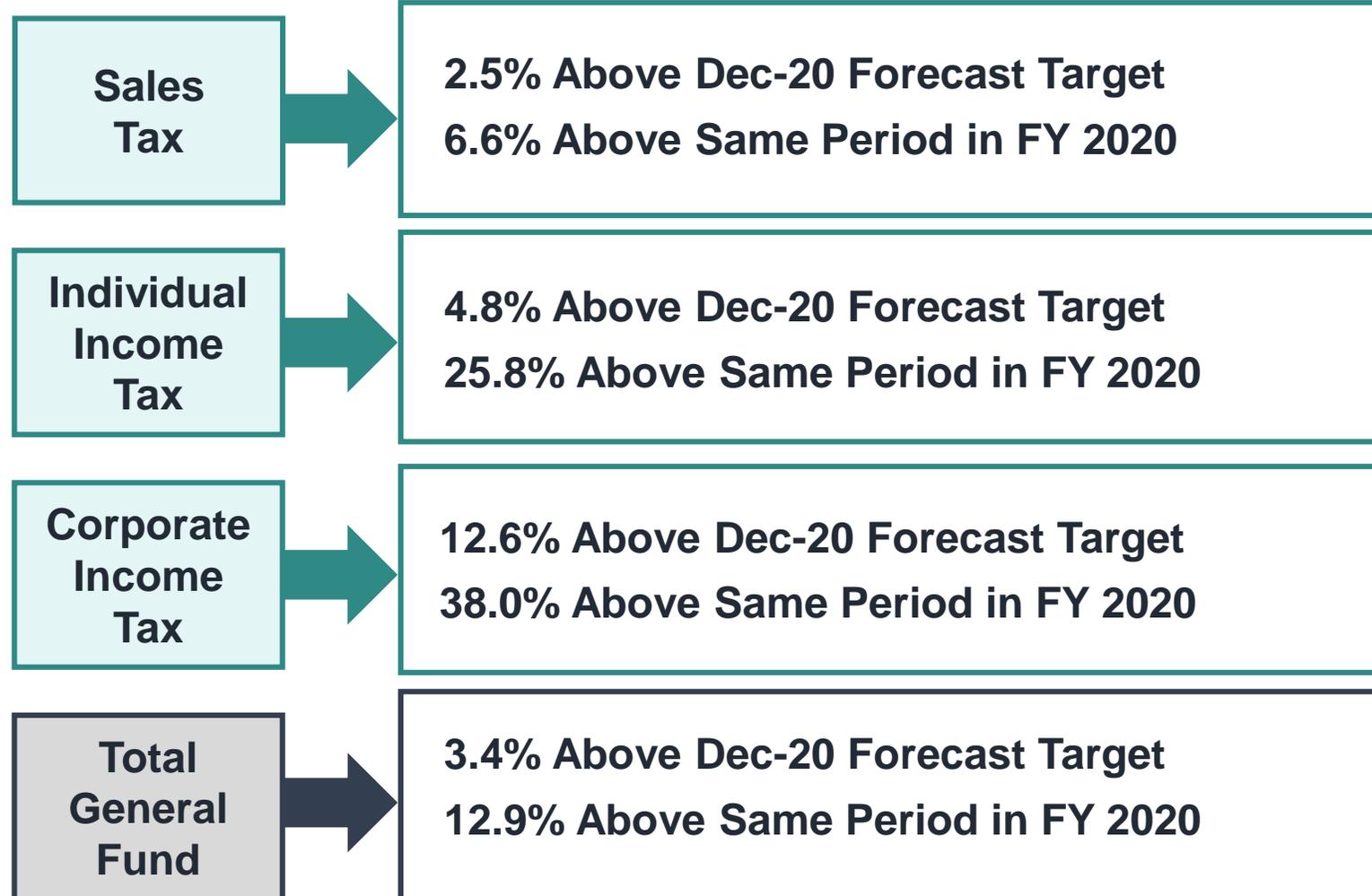
**Presented to the State Budget Committee
April 15, 2021**

Indiana Revenue Forecast



Performance of Major Revenue Sources

Year-To-Date Through Mar 31st FY 2021



Economic Forecast Overview



U.S. economic outlook for 2021 and 2022 has improved significantly since the December 2020 forecast.



Consumer spending continues to grow at a robust rate. Spending on services will likely pick up pace as the acceleration in the vaccination campaign improves consumer confidence.



Avoiding another surge in COVID-19 cases is key to maintaining economic momentum into the second quarter of 2021.



Indiana is expected to experience sustained recovery in 2021. However, it will occur at a slow pace in the leisure and hospitality sector. Payrolls are expected to return to pre COVID-19 levels by late 2022.

Legislative Changes Incorporated

Fiscal Impact from 2019 Session

- Sales tax collections from remote sellers.
- Various gaming tax changes.
- Federal Tax Cuts and Jobs Act conformity.

Ongoing Corporate Income Tax Rate Reduction

- 5.25% in FY 2021
- 4.90% in FY 2022 and thereafter.

Ongoing Financial Institutions Tax Rate Reduction

- 6.00% in CY 2020
- 5.50% in CY 2021
- 5.00% in CY 2022
- 4.90% in CY 2023 and thereafter.

Gasoline Use Tax Distributions to State General Fund

- Distributed like the rest of the sales tax in FY 2016
- 85.714% in FY 2017
- 71.428% in FY 2018
- 64.285% in FY 2019
- 53.575% in FY 2020
- 42.865% in FY 2021
- 32.155% in FY 2022
- 21.445% in FY 2023

Revenue Estimators

Sales Tax

Gasoline Use Tax	
Indiana Real GSP, Retail Trade	U.S. Demand for Petroleum as a % of All Fuel
U.S. Summer Gas Price * Fuel Efficiency	
Remaining Sales & Use Tax	
Indiana Personal Income Net of Transfer Payments Per Household	
U.S. Household Financial Obligation Ratio	FY Home Sales

Individual Income Tax

Estimated Payment & Others	
U.S. Dividend & Interest Income	U.S. Household Holding of Corp. Equities
Withholdings	
Indiana Adj. Wages & Salaries	
Prior Year Births	AR1
Refunds	
A Set Share of Withholding + Estimated Payment & Others	

Corporate Income Tax

Corporate Adjusted Gross Income
U.S. Before Tax Corporate Profits with Adjustments
Industrial Production Index Transportation Equipment
Net U.S. International Investment Position
FY Tax Rate Change

Other Adjustments to Forecast

Recognition of:

Sales Tax:

- ❖ Enforcement of Economic Nexus Threshold Following U.S. Supreme Court Decision (*South Dakota v. Wayfair, Inc., 2018*)
- ❖ Marketplace Facilitators Required to Collect Sales Tax

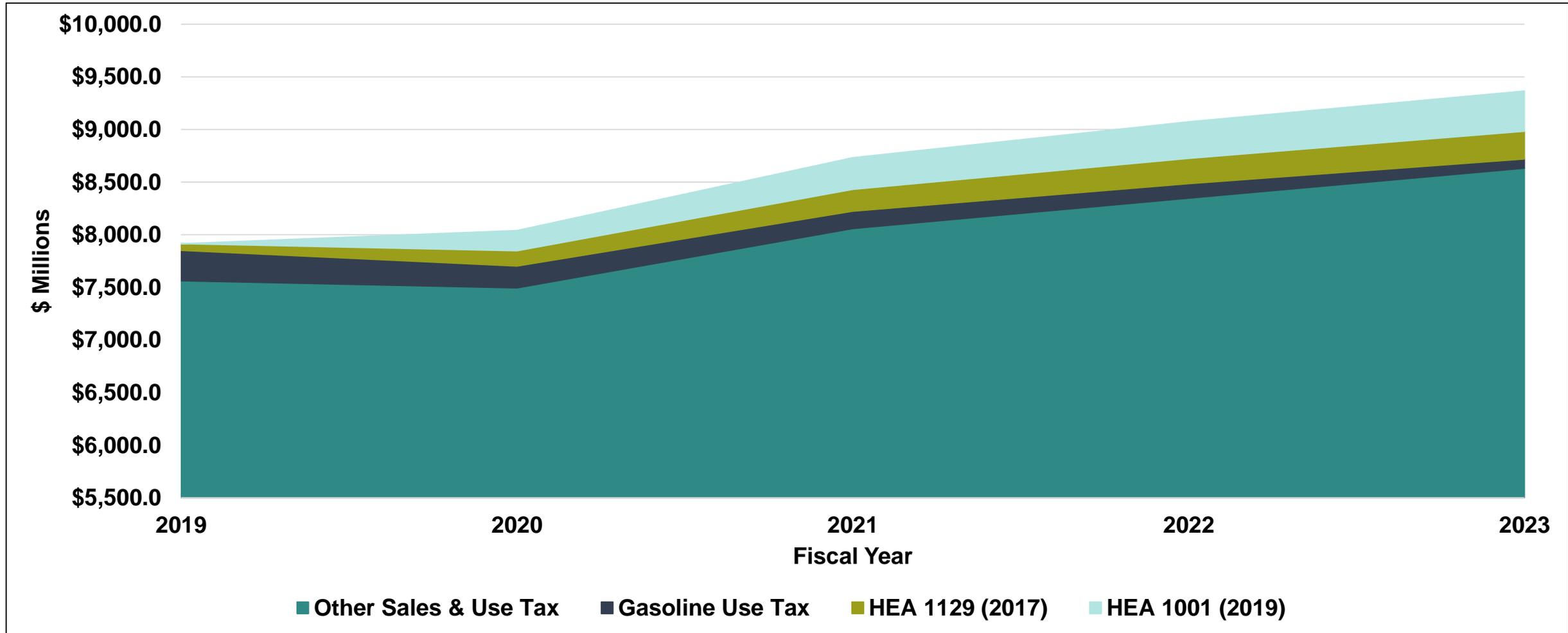
Gaming Tax:

- ❖ Table Games at the Racinos
- ❖ Vigo County Casino

Miscellaneous:

- ❖ Sports Wagering Tax
- ❖ Casino License Fees

Components of the Sales Tax Forecast



HEA 1129 (2017): Enforcement of the economic nexus threshold requirements began on October 1st, 2018.

HEA 1001 (2019): Enforcement of marketplace facilitator collections began on July 1st, 2019.

April 2021 Forecast Results

Total Tax Revenue Estimates

April 15, 2021, Revenue Forecast

Sales Tax (in millions \$)						
Fiscal Year	Dec-20 Forecast	Apr-21 Forecast	Growth Over Prior Year		Difference Dec-2020 Forecast to Apr-2021 Forecast	
2021	8,470.2	8,733.3	691.3	8.6%	263.2	3.1%
2022	8,652.9	9,074.4	341.1	3.9%	421.5	4.9%
2023	8,810.2	9,366.2	291.8	3.2%	556.0	6.3%
Individual Income Tax (in millions \$)						
Fiscal Year	Dec-20 Forecast	Apr-21 Forecast	Growth Over Prior Year		Difference Dec-2020 Forecast to Apr-2021 Forecast	
2021	6,972.9	7,120.3	1,848.5	35.1%	147.4	2.1%
2022	6,369.3	6,710.6	-409.7	-5.8%	341.3	5.4%
2023	6,601.1	6,966.4	255.8	3.8%	365.3	5.5%
Corporate Income Tax (in millions \$)						
Fiscal Year	Dec-20 Forecast	Apr-21 Forecast	Growth Over Prior Year		Difference Dec-2020 Forecast to Apr-2021 Forecast	
2021	881.6	960.8	270.0	39.1%	79.2	9.0%
2022	765.1	883.8	-77.0	-8.0%	118.8	15.5%
2023	888.3	1,058.8	175.0	19.8%	170.5	19.2%

Total Tax Revenue Estimates

April 15, 2021, Revenue Forecast

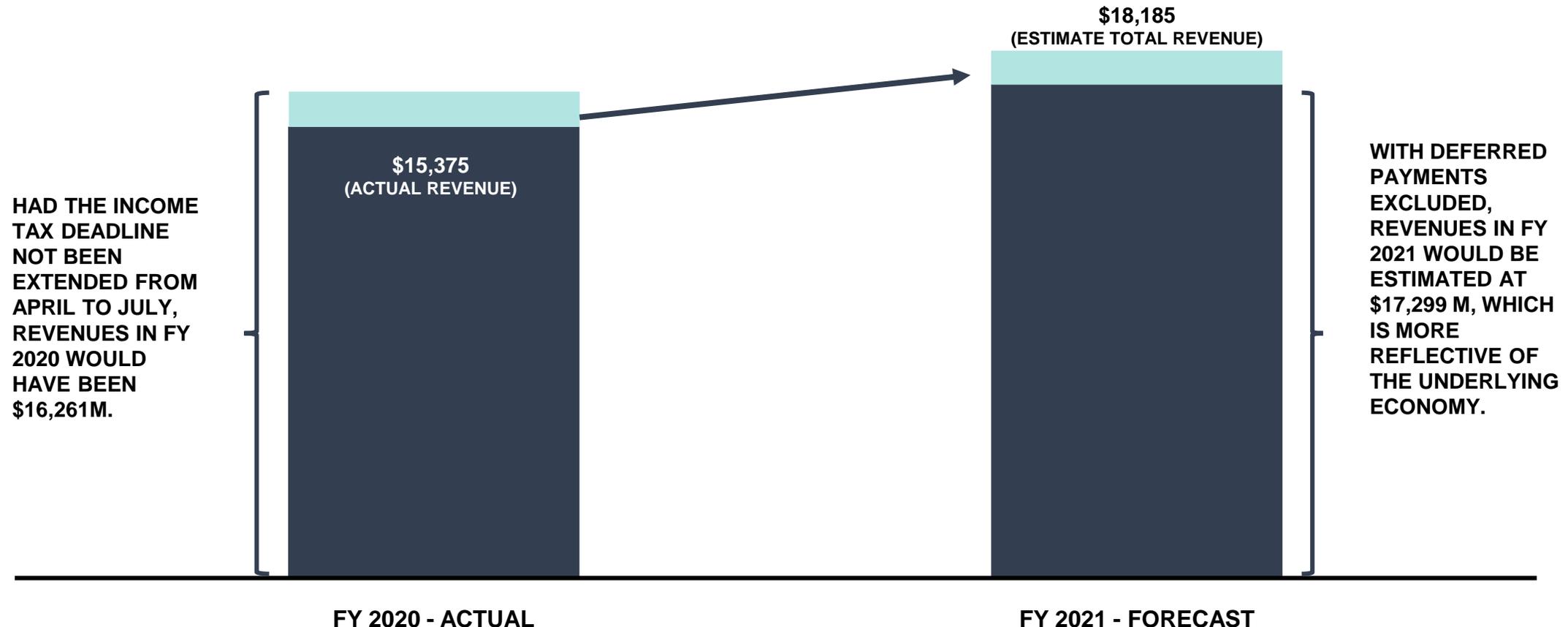
Gaming Taxes (in millions \$)						
Fiscal Year	Dec-20 Forecast	Apr-21 Forecast	Growth Over Prior Year		Difference Dec-2020 Forecast to Apr-2021 Forecast	
2021	385.5	359.7	69.0	23.7%	-25.8	-6.7%
2022	421.7	412.9	53.2	14.8%	-8.8	-2.1%
2023	429.5	441.1	28.2	6.8%	11.6	2.7%
Other Taxes (Includes MVET/ CVET Recapture) (in millions \$)						
Fiscal Year	Dec-20 Forecast	Apr-21 Forecast	Growth Over Prior Year		Difference Dec-2020 Forecast to Apr-2021 Forecast	
2021	1,012.2	1,011.2	-67.9	-6.3%	-1.0	-0.1%
2022	1,005.6	995.2	-16.0	-1.6%	-10.5	-1.0%
2023	1,007.2	1,008.4	13.2	1.3%	1.2	0.1%
Total General Fund Taxes (in millions \$)						
Fiscal Year	Dec-20 Forecast	Apr-21 Forecast	Growth Over Prior Year		Difference Dec-2020 Forecast to Apr-2021 Forecast	
2021	17,722.5	18,185.3	2,810.8	18.3%	462.9	2.6%
2022	17,214.6	18,076.9	-108.4	-0.6%	862.3	5.0%
2023	17,736.3	18,840.9	764.0	4.2%	1,104.6	6.2%

*Totals may not add due to rounding.

Adjusted Revenues for FY 2020 and FY 2021 (After Deferred Tax Deadline Adjustments)

IMPACT OF DEFERRED PAYMENTS IN FY 2020 AND FY 2021 (\$ IN MILLIONS)

DUE TO A DELAY IN THE INCOME TAX DUE DATE FROM APRIL 2020 TO JULY 2020, \$886M OF INDIVIDUAL AND CORPORATE INCOME TAX PAYMENTS WERE SHIFTED FROM FY 2020 TO FY 2021.



Revenue Forecast Annual Growth Rate

(After Deferred Tax Deadline Adjustments)

Fiscal Year	As Received		As Adjusted for Deferred Tax Deadline	
	Total GF Revenue (in \$ M)		Total GF Revenue (in \$ M)	
	Actual/Forecast	Growth	Actual/Forecast	Growth
2020	15,374.5	-6.3%	16,260.8	-0.9%
2021	18,185.3	18.3%	17,299.0	6.4%
2022	18,076.9	-0.6%	18,076.9	4.5%
2023	18,840.9	4.2%	18,840.9	4.2%

Total General Fund Revenue Forecast

Fiscal Years 2021, 2022 and 2023

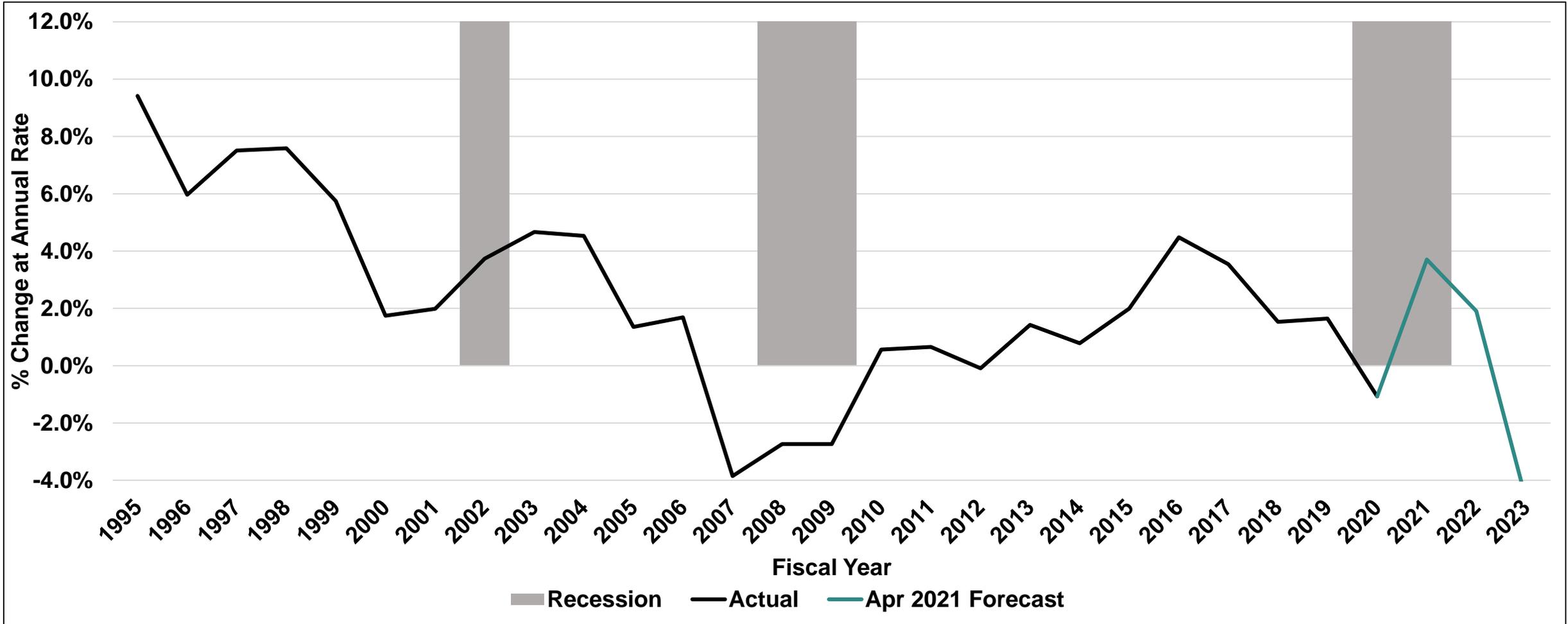
April 15, 2021 (in millions \$)

	FISCAL YEAR 2020		FISCAL YEAR 2021						FISCAL YEAR 2022					FISCAL YEAR 2023			
	Actuals With Deferred Pmts 2020	Actuals Without Deferred Pmts 2020	Dec. 2020 Forecast 2021	Updated Forecast 2021	Forecast Without Deferred Pmts 2021	Year over Year Growth	Difference vs Dec. 2020 Forecast	Excluding Deferred Payments in FY 2021	Dec. 2020 Forecast 2022	Updated Forecast 2022	Year over Year Growth	Difference vs Dec. 2020 Forecast	Excluding Deferred Payments in FY 2021	Dec. 2020 Forecast 2023	Updated Forecast 2023	Year over Year Growth	Difference vs Dec. 2020 Forecast
Major Taxes																	
Sales & Use	8,042.0	8,042.0	8,470.2	8,733.3	8,733.3	8.6%	263.2	8.6%	8,652.9	9,074.4	3.9%	421.5	3.9%	8,810.2	9,366.2	3.2%	556.0
Individual Income	5,271.8	5,998.9	6,972.9	7,120.3	6,393.3	35.1%	147.4	6.6%	6,369.3	6,710.6	-5.8%	341.3	5.0%	6,601.1	6,966.4	3.8%	365.3
Corporate - AGI, URT, USUT, FIT	690.8	850.1	881.6	960.8	801.5	39.1%	79.2	-5.7%	765.1	883.8	-8.0%	118.8	10.3%	888.3	1058.8	19.8%	170.5
Riverboat Wagering	200.3	200.3	259.5	249.5	249.5	24.6%	-10.0	24.6%	280.0	274.0	9.8%	-6.0	9.8%	287.2	295.8	8.0%	8.6
Racino Wagering	<u>90.4</u>	<u>90.4</u>	<u>126.0</u>	<u>110.2</u>	<u>110.2</u>	<u>21.9%</u>	<u>-15.8</u>	<u>21.9%</u>	<u>141.7</u>	<u>138.9</u>	<u>26.1%</u>	<u>-2.8</u>	<u>26.1%</u>	<u>142.3</u>	<u>145.2</u>	<u>4.5%</u>	<u>2.9</u>
Subtotal Major Taxes	14,295.3	15,181.7	16,710.2	17,174.1	16,287.8	20.1%	463.9	7.3%	16,208.9	17,081.7	-0.5%	872.8	4.9%	16,729.1	17,832.5	4.4%	1103.4
Other Revenue																	
Cigarette	235.0	235.0	245.1	237.5	237.5	1.1%	-7.6	1.1%	246.8	237.6	0.0%	-9.2	0.0%	238.3	228.6	-3.8%	-9.7
Insurance	243.4	243.4	236.2	236.9	236.9	-2.7%	0.7	-2.7%	242.1	243.5	2.8%	1.4	2.8%	248.0	250.1	2.8%	2.1
Inheritance	0.1	0.1	0.0	0.0	0.0	-100.0%	0.0	-100.0%	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Alcoholic Beverages	19.7	19.7	20.2	21.5	21.5	9.0%	1.3	9.0%	20.0	21.3	-0.9%	1.3	-0.9%	20.1	21.7	1.9%	1.6
Riverboat Supplemental Wagering Tax	7.0	7.0	8.9	8.2	8.2	17.1%	-0.7	17.1%	9.6	9.2	12.5%	-0.4	12.5%	9.6	9.5	3.5%	-0.1
Interest	112.2	112.2	37.0	25.0	25.0	-77.7%	-12.0	-77.7%	17.7	19.0	-24.0%	1.3	-24.0%	21.5	28.5	50.0%	7.0
Motor & Commercial Vehicle Excise	275.8	275.8	288.8	289.6	289.6	5.0%	0.9	5.0%	289.5	291.3	0.6%	1.8	0.6%	296.6	299.3	2.8%	2.7
Miscellaneous Revenue	<u>185.9</u>	<u>185.9</u>	<u>176.0</u>	<u>192.5</u>	<u>192.5</u>	<u>3.5%</u>	<u>16.4</u>	<u>3.5%</u>	<u>180.0</u>	<u>173.3</u>	<u>-9.9%</u>	<u>-6.6</u>	<u>-9.9%</u>	<u>173.1</u>	<u>170.6</u>	<u>-1.6%</u>	<u>-2.5</u>
Subtotal Other Revenue	1,079.1	1,079.1	1,012.2	1,011.2	1,011.2	-6.3%	-1.0	-6.3%	1,005.6	995.2	-1.6%	-10.5	-1.6%	1,007.2	1,008.4	1.3%	1.2
Total General Fund	15,374.5	16,260.8	17,722.5	18,185.3	17,299.0	18.3%	462.9	6.4%	17,214.6	18,076.9	-0.6%	862.3	4.5%	17,736.3	18,840.9	4.2%	1,104.6

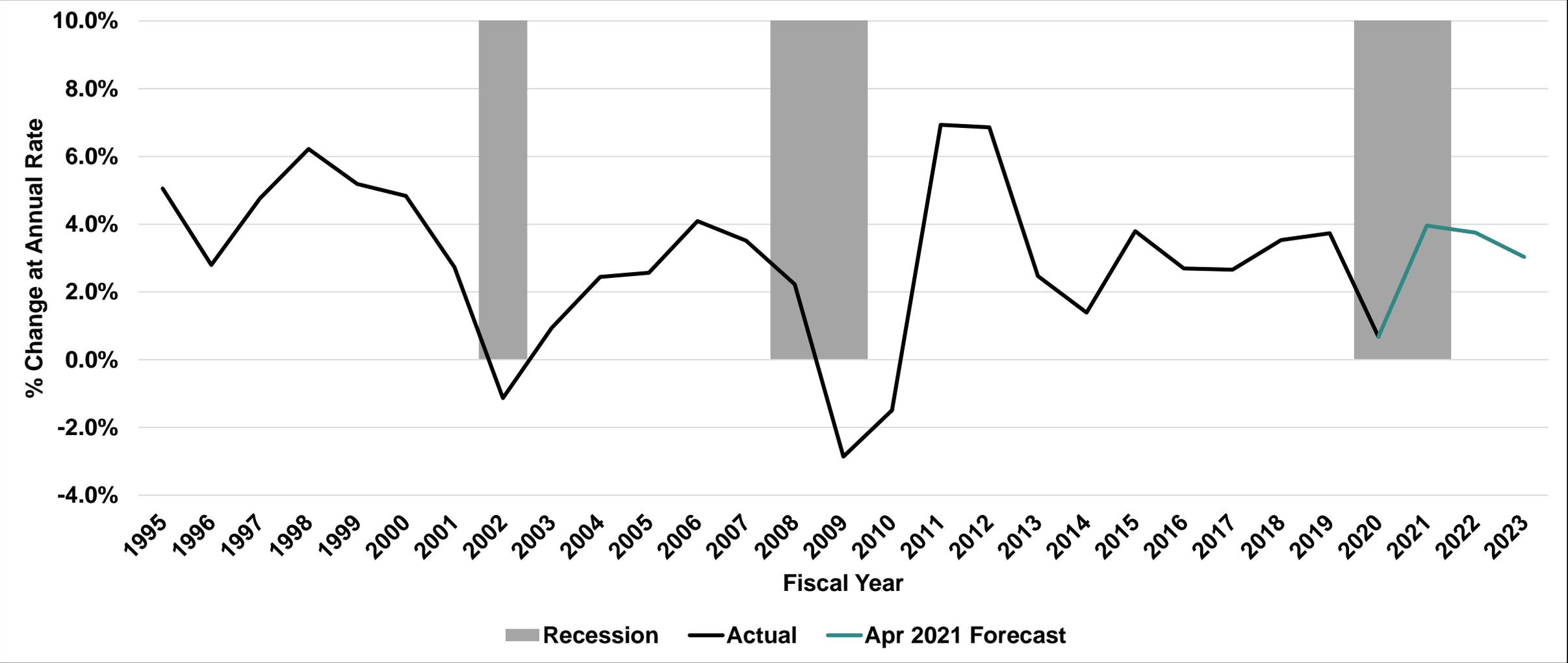
*Totals may not add due to rounding.

Appendices for April 2021 Revenue Forecast

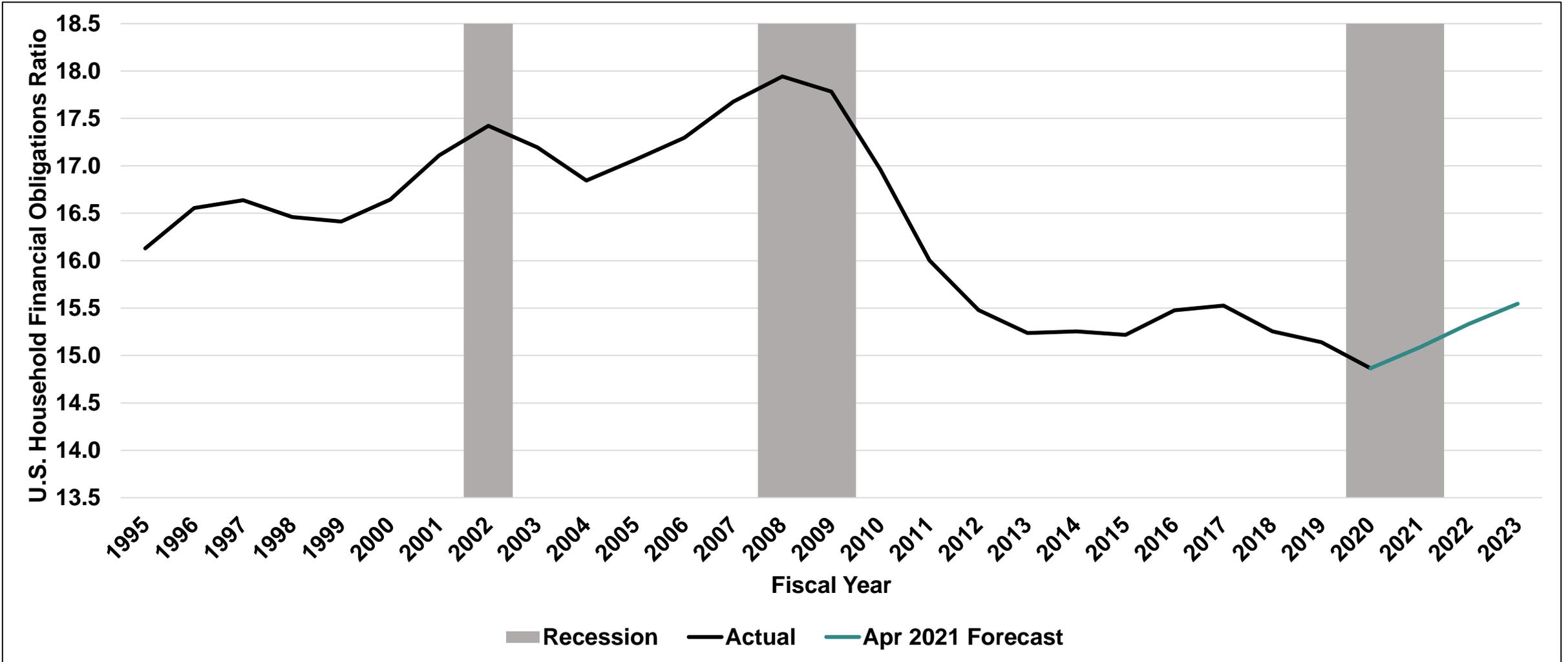
Indiana Real GSP, Retail Trade



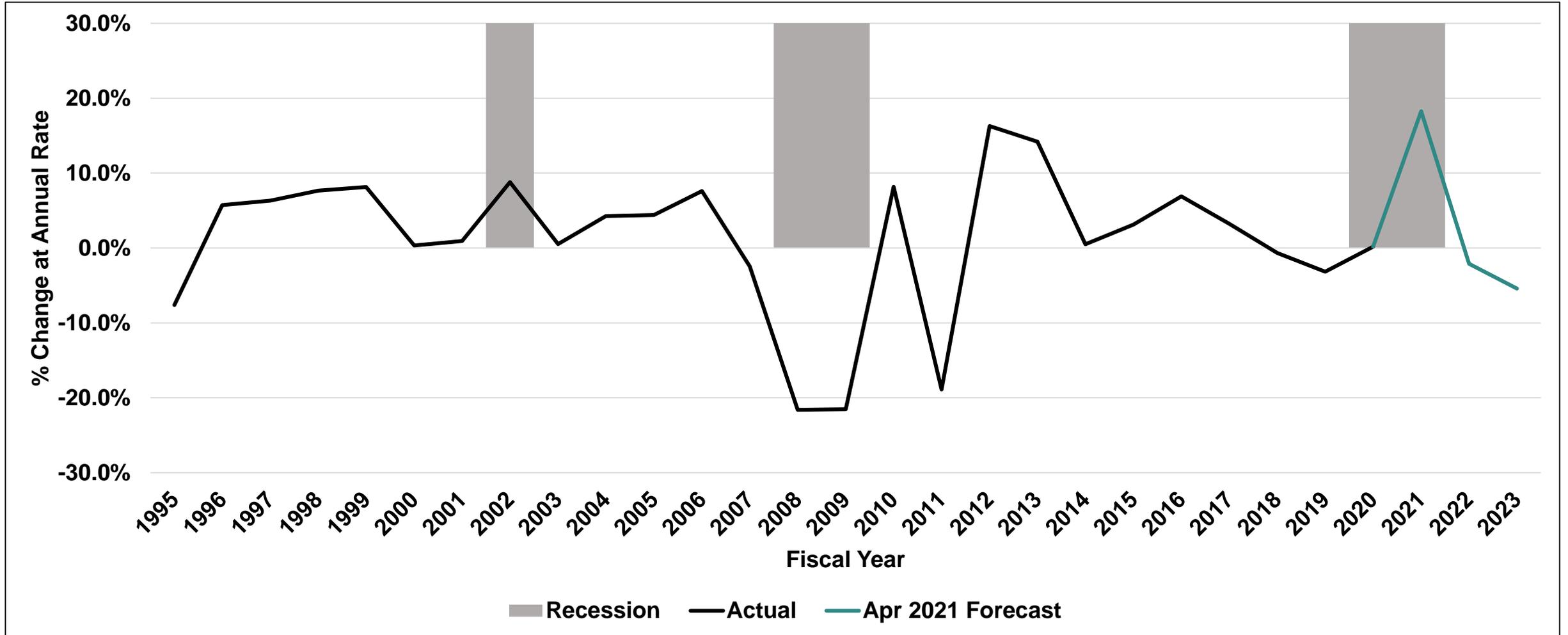
Indiana Personal Income Net of Transfer Payments Per Household



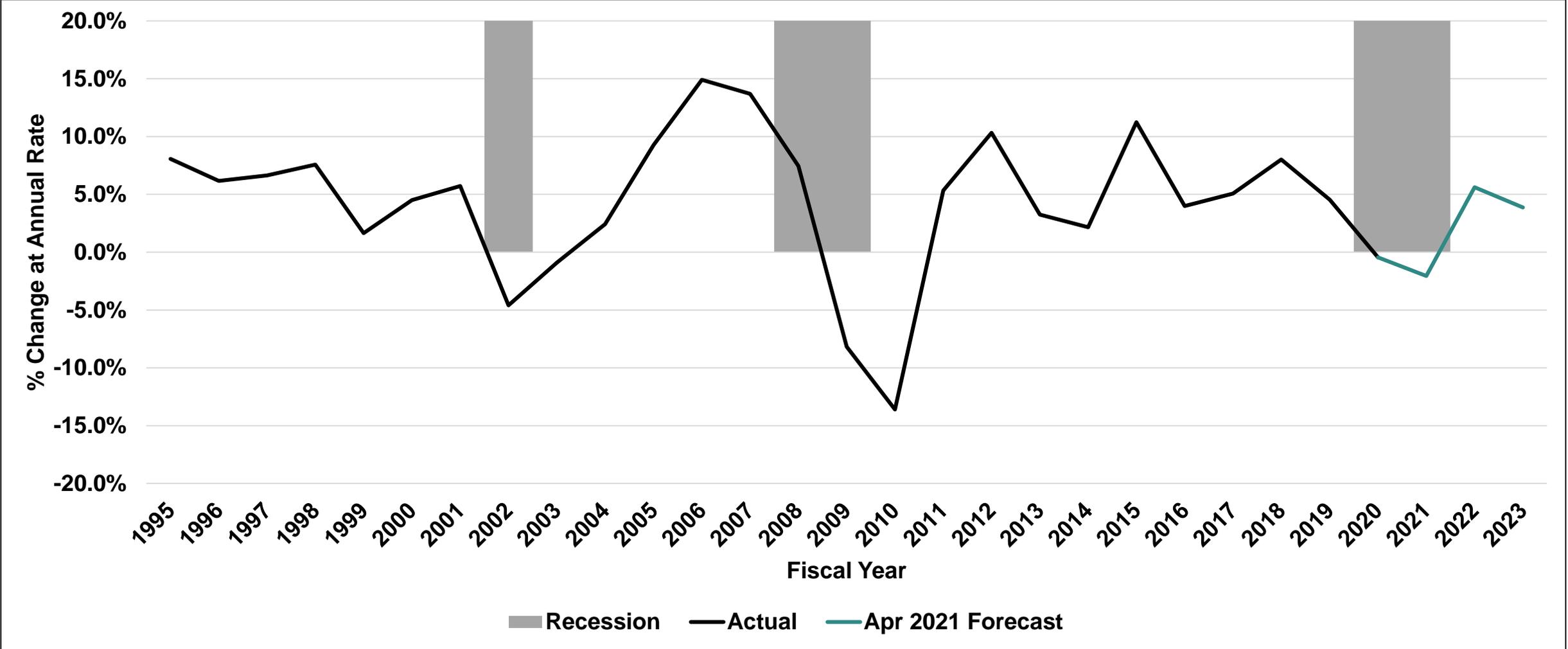
U.S. Household Financial Obligations Ratio



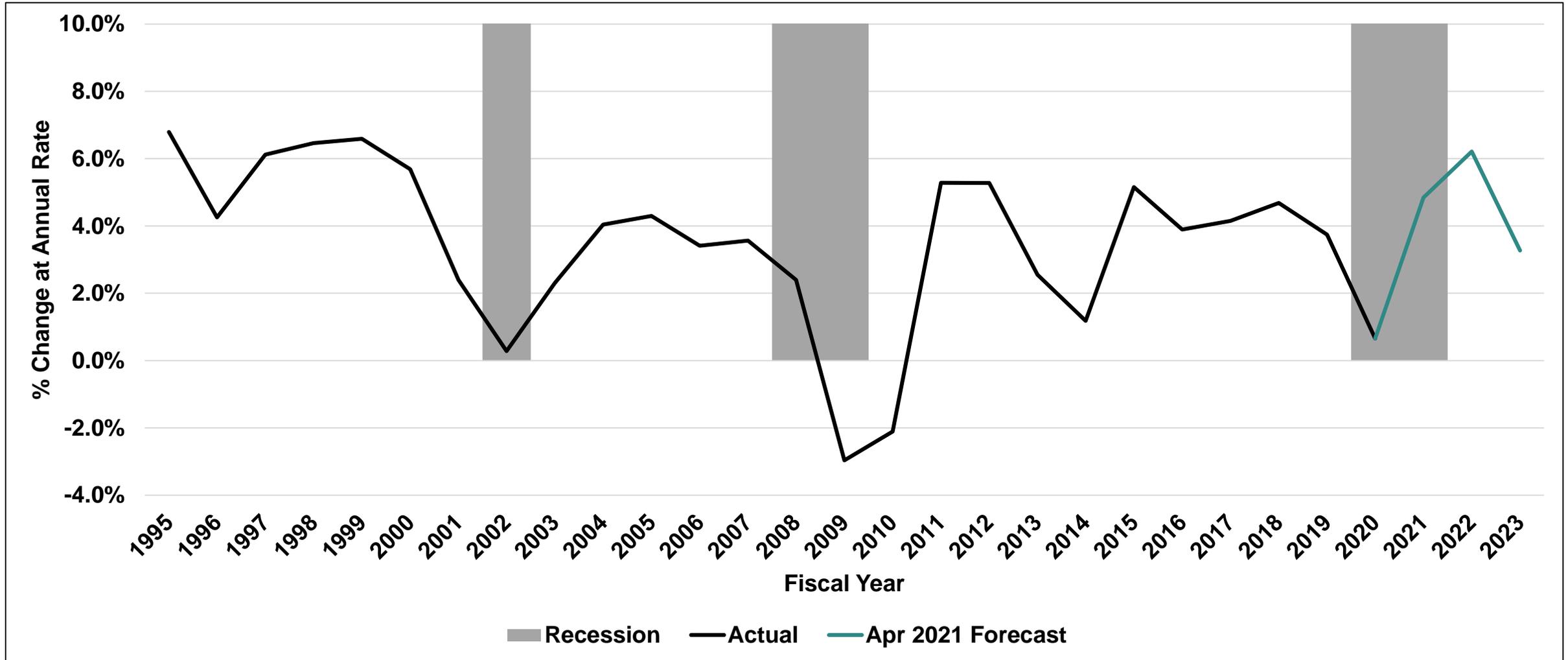
Indiana Existing Single-Family Home Sales



Dividend and Interest Income



Adjusted Wages and Salaries



Before-Tax Corporate Profits with IVA and Capital Consumption Adjustment

